

Message Text

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TO AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L STATE 214444

FOR UNDER SECRETARY COOPER FROM KATZ

E.O. 11652: GDS

TAGS: EFIN, IFIS, IMF, IBRD

SUBJECT: AGENDA FOR DEVELOPMENT COMMITTEE MEETING,
SEPTEMBER 25.

1. THE PROPOSED AGENDA FOR THE MEETING OF THE DEVELOPMENT
COMMITTEE IS PROVIDED BELOW. WE HAVE ADDED THE TICK POINTS
TO GIVE YOU A BETTER IDEA OF THE INDIVIDUAL TOPICS TO BE
DEALT WITH UNDER EACH AGENDA ITEM. THE DEVELOPMENT
COMMITTEE DEPUTIES WILL MEET IN PARIS ON SEPTEMBER 15 TO
DISCUSS THE AGENDA AND THE ITEMS THAT SHOULD BE EMPHASIZED
IN THE MINISTERIAL DISCUSSIONS. AS NOTED BELOW, WE GIVE
PRIORITY TO LDC DEBT, IFI COORDINATION, PRIVATE INVESTMENT,
AND ENERGY AND MINERALS. TREASURY (BERGSTEN) WILL HEAD THE
U.S. DELEGATION TO THIS DEPUTIES MEETING, ASSISTED BY STATE
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AND AID REPRESENTATIVES.

2. AGENDA--DEVELOPMENT COMMITTEE MEETING, SEPTEMBER 25,
1977:

1. INITIAL PROCEDURAL ITEMS
A. AGENDA

B. RECORD OF LAST MEETING

2. ANNUAL REPORT

3. STATEMENTS BY IMF (WITTEVEEN) AND WORLD BANK
(MCNAMARA)

4. REPORT OF WORKING GROUP ON ACCESS TO CAPITAL MARKETS

A. PROMOTION OF BOND ISSUES

-- WORK OF THE DEVELOPMENT COMMITTEE ON THIS ISSUE SHOULD BE COMPLETED AT THE SEPTEMBER MEETING. THE IFC HAS STATED THAT IT IS PREPARED, IF REQUESTED, TO TEST THE FEASIBILITY OF A PROMOTIONAL PROGRAM FOR LDC BOND ISSUES.

B. PARTIAL GUARANTEES OF LDC BOND ISSUES

-- WORK OF THE DEVELOPMENT COMMITTEE ON THIS ISSUE SHOULD BE COMPLETED AT THE SEPTEMBER MEETING. THE WORLD BANK IS PREPARED TO CONSIDER REQUESTS FROM MEMBER COUNTRIES FOR PARTIAL GUARANTEES, AND THE INTER-AMERICAN DEVELOPMENT BANK AND ASIAN DEVELOPMENT BANK ARE EXPECTED TO CONSIDER GUARANTEES IN SUBSTITUTION FOR LOANS ON A CASE-BY-CASE BASIS.

C. INTERNATIONAL INVESTMENT TRUST

-- THE DEVELOPMENT COMMITTEE SHOULD COMPLETE ITS INITIAL STUDY OF THE IIT AT THE SEPTEMBER MEETING. THE WORKING GROUP RECOMMENDED THAT: 1) INTERESTED COUNTRIES CONSIDER ESTABLISHING OR EXPANDING NATIONAL INVESTMENT CONFIDENTIAL

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TRUSTS ALLOWING BOTH NATIONAL AND FOREIGN INVESTORS TO INVEST IN DOMESTIC SECURITIES TAKING ADVANTAGE, AS NECESSARY, OF TECHNICAL ASSISTANCE FROM THE IFC AND 2) THE IFC UNDERTAKE A SIMULATION OF OPERATIONS AND RESULTS OF AN INTERNATIONAL PORTFOLIO INVESTMENT OVER THE NEXT TWO YEARS.

5. REPORT OF THE WORKING GROUP ON DEVELOPMENT FINANCE
AND POLICY

A. INTERNATIONAL RESOURCES BANK

-- THE MINISTERS ARE EXPECTED TO ENDORSE THE CONCLUSIONS OF THE WORKING GROUP THAT 1) THE ESTABLISHMENT OF THE IRB IS NOT FEASIBLE AT THIS TIME AND THAT 2) THE QUESTION OF FINANCING INVESTMENT IN MINERALS AND ENERGY SHOULD BE RENEWED AT A LATER DATE. THE DEPUTIES MEETING WILL FURTHER CONSIDER WHAT ROLE THE COMMITTEE SHOULD PLAY IN THE ENERGY AND MINERALS AREA. WE FAVOR A POSITIVE ROLE.

B. VOLUME, DISTRIBUTION, TERMS, AND QUALITY OF ODA

-- THE SECRETARIAT'S PROPOSALS ON ODA GEOGRAPHIC DISTRIBUTION AND TERMS, WHICH WERE DISCUSSED BY THE WORKING GROUP IN JULY, ARE OVERLY MECHANISTIC AND THEREFORE UNACCEPTABLE TO US. WE WANT FUTURE SECRETARIAT WORK TO

CONSIDER ODA IN THE CONTEXT OF TOTAL RESOURCES FLOWS, EMPHASIZE GROWTH WITH EQUITY CONSIDERATIONS, AND AVOID AN EMPHASIS ON GLOBAL TARGETS.

6. ECONOMIC PROSPECTS AND CAPITAL REQUIREMENTS OF DEVELOPING COUNTRIES

-- THE SECRETARIAT HAS WRITTEN THE DOCUMENT FOR THIS ITEM IN SUCH A WAY AS TO FOCUS ON DEVELOPMENT NEEDS AND RESOURCES, I.E. A GAP-FILLING EXERCISE. WE WILL TRY TO GET AGREEMENT THAT MINISTERS SHOULD RATHER OFFER GENERAL COMMENTS ON RECENT DEVELOPMENTS IN LDC PROSPECTS.

7. FUTURE WORK OF THE COMMITTEE IN THE LIGHT OF THE CONCLUSIONS OF CIEC AND SUGGESTIONS MADE AT THE APRIL CONFIDENTIAL

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MEETING OF THE DEVELOPMENT COMMITTEE.

-- DEBT. THE LIMITED SIZE OF THE DEVELOPMENT COMMITTEE, THE COMPOSITION OF ITS MEMBERS AND ITS CLOSE LINK WITH BANK AND FUND STAFF MAKE IT A LOGICAL FORUM TO PURSUE THE DEBT ISSUE. WE WOULD ENVISAGE THE DEVELOPMENT COMMITTEE AUTHORIZING ONE OF ITS WORKING GROUPS TO STUDY THE DEBT ISSUE.

-- STUDY OF STABILIZATION OF EXPORT EARNINGS: TREASURY AND STATE DISAGREE ON WHETHER THE DEVELOPMENT COMMITTEE SHOULD UNDERTAKE THIS STUDY AS DISCUSSED IN CIEC. WE ARE CURRENTLY ENGAGED IN TRYING TO RESOLVE OUR DIFFERENCES.

-- INVESTMENT. WE SUPPORT THE AUSTRALIAN PROPOSAL THAT THE DEVELOPMENT COMMITTEE SHOULD EXAMINE THE ROLE OF PRIVATE INVESTMENT IN ASSISTING LDC GROWTH AND THAT THIS SHOULD BE AN ITEM IN THE COMMITTEE'S WORK PROGRAM.

-- IFI COORDINATION. WE WILL URGE THE SECRETARIAT TO PRESS FORWARD WITH ITS EFFORTS TO ASSESS HOW THE WORK OF THE VARIOUS IFIS CAN BE BETTER COORDINATED.

-- WE WILL WELCOME THE WORLD BANK'S 'STUDY OF DEVELOPMENT ISSUES' AND URGE MCNAMARA TO KEEP THE DEVELOPMENT COMMITTEE FULLY INFORMED.

8. CONCLUDING ITEMS

- A. OTHER BUSINESS
 - B. CHAIRMAN'S SUMMARY
 - C. PLACE AND DATE OF NEXT MEETING
 - D. PRESS COMMUNIQUE
- VANCE

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